UNANIMOUS CONSENT RESOLUTION

The Committee is asked to consider the following resolution:

WHEREAS, The Compensation Committee adopted a Key Management Long-Term Incentive Plan to encourage and reward senior managers for the attainment of established long-term objectives; and,

WHEREAS, The organization has received a favorable ruling from the IRS concerning such Plan; and,

WHEREAS, The Plan provides for the distribution of accrued incentive awards subject to the Compensation Committee's determination of management performance; and,

WHEREAS, An assessment of progress concerning quality of care, level of charity care, excellence in educational and research programs and financial viability indicates that the system has been and continues to be effectively managed in the long-term best interests of patients, students and staff.

NOW, THEREFORE, BE IT RESOLVED, That the Compensation Committee authorizes the distribution of accrued long-term incentive awards for Fiscal Year 1992 plus accrued interest to the following individuals:

Name	Award Amount
Sherif S. Abdelhak	$123,150
Calvin Bland	$ 52,331
D. Walter Cohen, D.D.S.	$ 49,899
Thomas P. Galinski	$ 49,062
Dwight Kasperbauer	$ 56,076
Donald Kaye, M.D.	$ 74,106
David W. McConnell	$ 77,233
Leonard L. Ross, Ph.D.	$ 59,923
Anthony M. Sanzo	$ 69,118
Nancy A. Wynstra, Esquire	$ 66,750

FURTHER RESOLVED, That the Committee authorizes distribution of the deferred award amount, as noted, based on its evaluation of management's progress and performance each year for the prior five years; and

FURTHER RESOLVED, That the Committee directs that the list of individuals and the specific awards authorized be appended in a sealed envelope to the original minutes of this meeting.

Approvals: W.P. Snyder III (signature)
W.P. Snyder III, Chair — 6-11-96 Date

J. David Barnes

Douglas D. Danforth (signature)
Douglas D. Danforth

Graemer K. Hilton

Francis B. Nimick, Jr.

PR-PLD-009-01282

UNANIMOUS CONSENT RESOLUTION

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Approvals: W.P. Snyder

W.P. Snyder III, Chair 6-11-96 **Date**

J. David Barnes

Douglas D. Danforth

Graemer K. Hilton

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W.P. Snyder III, Chair 6-11-96 **Date**

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PR-PLD-009-01284

Key Management Long-Term Incentive Plan Distribution

Under the terms of the Key Management Long-Term Incentive Plan, an amount equal to the eligible executives' annual incentive award (not to exceed 20% of base salary) is deferred and credited with interest. Distribution of the award, after passage of the deferral period, is at the sole discretion of the Compensation Committee, based upon the Committee's assessment of the executive team's performance and progress toward the attainment of established long-term objectives as set forth in the mission statement and operating plans for the prior five-year period. The Committee's assessment may include both quantitative and qualitative considerations deemed relevant by the Committee including, without limitation, measures of quality of care, level of charity care provided, excellence of educational and research programs and financial viability.

In accordance with the terms of the Plan, the senior management team submits as its report on achievement of established strategic goals three documents: 1) A Report to the Board of Trustees Academic and Fiscal Year 1995 - This comprehensive report addresses all of the major mission elements of the system and the quantifiable measures of progress in each area; 2) The Consolidated Financial Statements as of April 30, 1996; 3) The Consolidated Financial Statements projected for June 30, 1996.

Pursuant to the Plan, the Committee is asked to determine if the accrued deposits should be released based upon performance for Fiscal Years 1992 - 1996. If the Committee approves the enclosed Unanimous Consent Resolution, payments in the amounts authorized will be distributed on or before July 15, 1996 to the eligible participants.

The senior executives eligible for a distribution of 1992 accruals are noted below. The Committee may authorize distribution for the group of any amount between zero and 100%. The Plan requires that the percentage of the accrual authorized for release be uniform for all members of the management team eligible for a distribution in any year. Thus, the Committee may not authorize different percentage distributions for different members of the management team.

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Approvals: W.P. Snyder III

W.P. Snyder III, Chair 6-11-96

Date

J. David Barnes

Douglas D. Danforth

Graemer K. Hilton

Francis B. Nimick, Jr.

PR-PLD-009-01286

ALLEGHENY HEALTH, EDUCATION AND RESEARCH FOUNDATION
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	Projected June 30, 1996	April 30, 1996	June 30, 1995
Current assets:			
Cash and short-term investments	$44,934	$47,961	$57,401
Receivables:			
Patient accounts, net	328,258	338,258	255,432
Grants and other	31,536	37,893	25,178
Inventories	21,234	21,487	21,294
Prepaid expenses	19,131	20,152	12,889
Total current assets	445,093	465,751	372,194
Investments limited or restricted as to use:			
By Board for designated purposes	307,544	214,036	290,279
By financing agreements	0	31,023	36,081
By donor for restricted purposes	15,052	13,708	11,832
Student loans	17,684	17,684	16,568
Endowments	166,191	165,191	140,451
	506,471	441,642	495,211
Investments	48,829	46,062	32,070
Property and equipment, net	733,047	727,047	704,207
Other assets	92,961	86,578	55,374
Total assets	$1,826,401	$1,767,080	$1,659,056

	Projected June 30, 1996	April 30, 1996	June 30, 199
Current liabilities:			
Accounts payable and accrued expenses	$216,368	$191,114	$170,201
Deferred revenue	8,033	16,231	4,949
Lines of credit	49,300	56,300	6,000
Current portion of long-term debt	7,023	15,235	12,896
Total current liabilities	280,724	278,880	194,046
Long-term debt	665,836	589,346	608,190
Self-insurance liabilities	76,172	76,399	76,802
Student loans	18,501	18,501	17,375
Other noncurrent liabilities	61,471	59,538	50,912
Total liabilities	1,102,704	1,022,664	947,325
Net assets:			
General	533,422	557,692	547,136
Restricted:			
Specific purposes	35,805	33,862	27,195
Endowments	154,470	152,862	137,400
Total net assets	723,697	744,416	711,731
Total liabilities and net assets	$1,826,401	$1,767,080	$1,659,056

AHERF
STATEMENT OF REVENUE IN EXCESS OF EXPENSES SUMMARY
FISCAL YEAR 1996 OUTLOOK vs. BUDGET
(Dollars in Thousands)

	FY 96 Outlook	FY 96 Budget	Variance	FY 96 10 Months Ended June 30, 1996 Actual
AGH	$19,478	$20,671	($1,193)	$17,635
ANI	-	-	-	-
ASRI	(16,619)	(21,032)	4,413	(14,763)
Eliminations	-	-	-	-
AGH Consolidated	2,859	(361)	3,220	2,872
MCPH	4,974	13,166	(8,192)	4,846
EPH	3,372	5,427	(2,055)	2,433
BCH	1,941	5,224	(3,283)	1,625
HUH	6,489	18,909	(12,420)	10,068
MSS	-	-	-	-
MCPHUHS Consolidated	16,776	42,726	(25,950)	18,972
SCHC Consolidated	14,729	10,249	4,480	10,946
MCPHU Consolidated	(2,800)	-	(2,800)	463
DV Consolidated	28,705	52,975	(24,270)	30,381
AHERF Operations	18,602	5,033	13,569	3,079
AIHG	(37,930)	(20,624)	(17,306)	(30,803)
Eliminations	2,923	6,661	(3,738)	3,234
AHERF Consolidated	$15,159 *	$43,684	($28,525)	$8,763

*The fiscal year 1996 outlook does not include the effect of the anticipated extraordinary loss on the Delaware Valley debt refinancing which is estimated to approximate $31 million.

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The following noteworthy or unusual items have been highlighted inorder to better facilitate an understanding of the previous comparative analysis:

- The fiscal year 1996 outlook does not include the effect of the anticipated extraordinary loss on the Delaware Valley debt refinancing which is estimated to approximate $31 million.
- The acquisition of approximately 120 physician practices during fiscal year 1996 (new acquisitions were not included in the fiscal year 1996 budget) required operating support to AIHG in excess of anticipated amounts by approximately $17 million.
- Workforce reductions (including layoffs, early retirements, and other downsizing costs) resulted in associated expenses of approximately $4.7 million.
- Effective January 1, 1996, the state enacted a 5% rate reduction for Medical Assistance payments resulting in decreased reimbursement of approximately $5 million.
- Unanticipated emergency CAT Fund surcharges increased insurance expense by approximately $6 million.
- State funding to EPPI was reduced by $1.5 million from anticipated levels.
- These negative items were partially offset by the adoption of an accounting pronouncement (FASB 124) which requires investments to be recorded at market value as opposed to the current practice of recording such at the lower of cost or market value resulted in approximately $13 million of here-to-fore unrealized gains.

AHERF
UTILIZATION INFORMATION
FISCAL YEAR 1996 OUTLOOK vs. BUDGET

	CASES			DAYS		
	FY 96 Outlook	FY96 Budget	Variance	FY96 Outlook	FY96 Budget	Variance
AGH	29,920	30,241	(321)	190,492	204,056	(13,564)
MCPH	13,623	14,754	(1,131)	99,271	102,276	(3,005)
EPH	7,627	8,470	(843)	41,543	47,316	(5,773)
BCH	6,172	6,915	(743)	35,948	38,150	(2,202)
HUH	21,406	22,580	(1,174)	148,160	153,525	(5,365)
MCPHUHS	48,828	52,719	(3,891)	324,922	341,267	(16,345)
SCHC	10,400	10,305	95	53,225	51,174	2,051
Total AHERF	89,148	93,265	(4,117)	568,639	596,497	(27,858)

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AHERF
COST INFORMATION
FISCAL YEAR 1996 OUTLOOK vs. BUDGET

	Cost (Expense) Per Adjusted Discharge*			Cost (Expense) Per Adjusted Day*		
	FY 96 Outlook	FY 96 Budget	Variance	FY 96 Outlook	FY 96 Budget	Variance
AGH	$5,983	$6,192	($209)	$940	$918	$22
MCPH	7,641	7,515	126	1,153	1,084	69
EPH	4,892	4,471	421	898	800	98
BCH	5,226	5,135	91	897	931	(34)
HUH	7,572	6,508	1,064	1,094	957	137
MCPHUHS	7,123	6,422	701	1,100	992	108
SCHC	9,170	8,654	516	1,792	1,743	49
Total AHERF	$6,756	$6,522	$234	$1,075	$1,020	$55

*Adjusted for acuity

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PR-PLD-009-01291